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Published in:
Review of Social Economy

DOI:
10.1080/00346764.2017.1357321

Publication date:
2017

Review of Social Economy

ISSN: 0034-6764 (Print) 1470-1162 (Online) Journal homepage: http://www.tandfonline.com/loi/rrse20

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To cite this article: Clemens Lutz & Matthias Olthaar (2017) Global value chains and smallholders in Sub-Saharan Africa, Review of Social Economy, 75:3, 251-254, DOI: 10.1080/00346764.2017.1357321

To link to this article: https://doi.org/10.1080/00346764.2017.1357321

Published online: 14 Sep 2017.

REVIEW OF SOCIAL ECONOMY, 2017
VOL. 75, NO. 3, 251–254
https://doi.org/10.1080/00346764.2017.1357321

Routledge
Taylor & Francis Group

INTRODUCTION

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Global value chains and smallholders in Sub-Saharan Africa

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ARTICLE HISTORY Received 22 March 2017; Accepted 4 May 2017

This special issue contributes to the discussion on how global value chains (GVCs) can help provide opportunities for primary producers in rural areas in Africa. Although the world experienced economic growth and a significant reduction of poverty rates in BRIC countries in the last decades, the performance of African countries, and in particular its rural areas, is lagging behind (World Bank 2007). A large body of literature is available, discussing the economic, political, anthropologic and sociologic elements in the development debate. We observe that only scarce attention is paid to business development in this literature. Some literature indeed, addresses the discussion about business and the world's poorest billion at the bottom of the pyramid (Karnani 2007; Prahalad 2004). Nevertheless, Bruton (2010: 8) signals the lack of attention for poverty-related topics in management journals and makes a plea for greater efforts to understand the interconnections between poverty and business: 'Too often individuals blame business for poverty that affects much of the world. However, rather than being the cause of poverty, business is part of the solution'.

This debate has a long history and relates to Hirschman (1982) discussing arguments in favour of the market society (civilizing) and criticizing the market society (self-destructive). In a similar vein Baumol (1990) distinguishes productive, unproductive and destructive entrepreneurship. In line with Bruton (ibid.), we conclude that business may be part of the solution to end poverty, though we immediately add that it is a challenge to make this work. Many contributions to the literature focus on formal and informal institutions influencing exchange (Battilana *et al.* 2009; Hodgson 2006). We agree that institutions play a key role, but the challenge we are facing is broader. The articles in this special

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issue address a different perspective and focus more on managerial insights that help identify opportunities by which business can contribute to poverty alleviation for the rural poor in Africa, while taking into account the challenge that the target group is seriously resource constrained.

Smallholders are expected to benefit from inclusion in GVCs as it provides them opportunities to sell their marketable surpluses on the world market (World Bank 2007). Although GVCs do provide such opportunities, this does not automatically imply that upstream primary producers benefit. The present literature observes that although some primary producers earn a decent profit, for many others the outcome is disappointing. Value creation in GVCs need not lead to value appropriation by smallholders. The papers discuss insights from management and economics regarding business development in Africa, the importance of collective action, and the debate regarding equity versus efficiency, or inclusion versus selection. The articles focus on different issues and industries. However, each contribution addresses at least the following issues:

(1) Is there room for smallholders in the GVC?
(2) From a strategic management perspective inclusion in GVCs is not sufficient. A critical question is to understand whether smallholders are able to create a competitive advantage. In other words, it is about understanding whether they are able to appropriate a reasonable share of the value created.

In their paper 'Managing the Transition to Sustainable Supply Chain Management Practices – Evidence from Dutch leader firms in Sub-Saharan Africa' Lakerveld and van Tulder address the governance literature and the role of leader firms in the GVC. They argue that supply chain management literature provides only fragmented insights into the antecedents of the transition process and adopts a largely 'top-down' perspective rather than a 'bottom-up' approach in which the consequences for the business models of supplying firms at the bottom of the supply chain are taken into account. They distinguish different supplier 'upgrading' approaches in which leader firms integrate suppliers in their purchasing strategies.

Vermeire, Bruton and Cai discuss a similar topic in their contribution 'Global Value Chains in Africa and Development of Opportunities by Poor Landholders'. They refer to insights from the entrepreneurship literature that opportunities can both be discovered and created and apply this to smallholders in a South African context where a multinational firm seeks to alter its GVC to include small producers of avocados. They argue that the multinational firm will gain more from their efforts to include smallholders in the GVC if they adapt their value chain systems in ways that also accommodate joint creation of opportunities with smallholders rather than expect that all smallholders adapt to the systems developed by the large global firm.

The article of Ruben, Bekele and Lenjiso 'Quality Upgrading in Ethiopian Dairy Value Chains: Dovetailing upstream and downstream perspectives' provides further details on the challenges smallholders are facing if they want to upgrade their position in the value chain. They observe large gaps between producer incentives and consumer motives and conclude that the possibilities for dairy quality upgrading remain fairly limited. Given the market structure, decisive policy support is required for better tailoring producer's investments with consumer preferences.

Lutz and Tadesse focus on the role of cooperatives in their article 'African Farmers Market Organizations and Global Value Chains: Competitiveness versus Inclusiveness'. This article discusses the challenges farmers market organizations (FMOs) are facing in developing countries. They argue that many NGOs and governments neglect the importance of proper selection and the requirements needed for a competitive actor in a GVC as inclusion is prioritized. Although this may work in community driven organizations, this becomes a major threat in market-oriented organizations, in particular if private markets operate reasonably well and demanding competitive requirements have to be fulfilled. FMOs should learn from past experiences and take targeting and selection more seriously if entrepreneurial activities are intended. Otherwise, they miss the opportunity to create a committed member base, a pre-requisite for entrepreneurial FMOs.

Olthaar and Noseleit further analyse the effect of the cooperative on farm performance in their contribution 'Deploying Strategic Resources: Comparing Members of Farmer Cooperatives to Non-Members in Sub-Saharan Africa'. They analyse the extent to which members of farmer cooperatives in Ethiopia succeed in deploying strategic resources. The performance of members is compared with non-members. The authors conclude that the potential of collective action is not realized due to the institutional environment. They stress the need for 'free organization' by farmers, to allow farmers to speculate on price changes and to consider cooperatives as organizations that deliver club goods to members rather than public goods for an entire community.

Finally, Metzlar provides a case study 'Strategic Intent and the Strategic Position of Smallholders – A case study of a smallholders' organization in the Ghanaian cocoa industry'. This paper focuses on the role of strategic intent at the level of the farmers' market organization. The case shows that the strategic intent of the smallholders' organization is not clearly specified and that the commitment of its members is deficient for the development of a serious business. The author shows that these elements are neglected in the design of the smallholders' organization and, consequently, hamper the further development of the organization. Present performance is disappointing and difficult to improve if these elements are not addressed properly. The opportunity is there, but only attainable if a competitive organization is established.

The papers, in this issue, highlight different aspects of business development and involvement in GVCs of farmers at the bottom of the pyramid in the rural areas of Sub-Saharan Africa. The main message is that it is possible to create opportunities to include these smallholders if consistent business models are developed. At the same time it is acknowledged that it is a major challenge and that selection is part of the process. Not everybody qualifies and serious investments have to be made by all the stakeholders involved. For sure, the papers do not result in a blueprint for further action. However, we hope that the papers shed some light on the requirements that have to be fulfilled if smallholders are to be included in GVCs. Since the focus of all the contributions is on business development and they are a welcome complement to the large body of literature dealing with developmental issues from a more social, economic and political point of view.

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